

# Retirement Working Group

## Utah Legislature

### 2015 Report

#### Introduction

The Retirement Working Group was created upon the approval of the President of the Senate and the Speaker of the House of Representatives in response to a request to follow up on postretirement reemployment issues raised in 2015 General Session Second Substitute H.B. 78, "Postretirement Employment Task Force," which did not pass. Three senate members and four house members were appointed to the working group, and three meetings were authorized. Those appointed to the working group were:

Sen. Sen. Todd Weiler, Senate Chair  
Rep. Rich Cunningham, House Chair  
Sen. Aaron Osmond  
Sen. Karen Mayne  
Rep. Eric K. Hutchings  
Rep. Kraig Powell  
Rep. Brad King

"Reemployed," "reemploy," or "reemployment" means work or service performed for a participating employer after retirement in exchange for compensation.

Reemployment includes work or service performed on a contract for a participating employer if the retiree is:

- listed as the contractor; or
- an owner, partner, or principal of the contractor (Utah Code Section 49-11-102).

The task force was assigned to review and make recommendations on postretirement reemployment issues to the Retirement and Independent Entities Interim Committee.

#### 2015 Meetings

The working group meet on July 8, September 24, and October 28, 2015.

Agenda topics included:

- Postretirement Reemployment Issues;
- Unfunded Actuarial Accrued Liability (UAAL) Tier I and Tier II Payments;
- 2015 Survey of Potential Postretirement Reemployment Restrictions Modifications – Results;
- Working Group Prioritization of Potential Postretirement Reemployment Restriction Modifications for Cost Calculations; and
- Postretirement Reemployment Restrictions Draft Legislation

#### Working Group received public comments from individuals representing the following:

- Utah Retirement Systems (URS)
- Ogden City
- Utah School Superintendents Association
- Jordan School District
- Professional Firefighters of Utah
- Salt Lake Police Department
- Salt Lake Police Association
- Utah Highway Patrol
- Utah Association of Counties
- Granite School District
- Millard County
- Utah Fraternal Order of Police
- Utah Public Employees Association
- Emery County
- Utah Sherriff's Association
- Fire and Police Chief's Association
- Utah Education Association
- West Jordan Police Department
- Harrisville Police Department
- Utah Department of Public Safety

The working group heard testimony from interested parties and received post-retirement briefings from the working groups staff (see <http://le.utah.gov/interim/2015/pdf/00003237.pdf> and <http://le.utah.gov/interim/2015/pdf/00003200.pdf>) and from representatives of URS on the cost of postretirement employment restrictions changes (see <http://le.utah.gov/interim/2015/pdf/00004225.pdf>). The working group sent out a survey of potential postretirement restriction changes and asked interested parties to rank their top priorities (see <http://le.utah.gov/interim/2015/pdf/00004208.pdf> ).

### **Actions**

The working group voted to prioritize four bills for further consideration. The bills were presented, and cost estimates for the bills were provided by URS (see <http://le.utah.gov/interim/2015/pdf/00004809.pdf>). The four prioritized bills included:

- "Postretirement Employment Restrictions" (the 60-day only separation for all);
- "Postretirement Employment Exceptions" (the 60-day only separation for public safety, firefighters, and educators);
- "Postretirement Employment Rural and Title I School Exceptions" (the 60-day only separation for reemployment in a rural county, small city or town, or Title I school); and
- "Postretirement Reemployment Amendments" (the earnings limitation increase from \$15,000 to \$20,000).

After consideration and public comment on the drafted prioritized bills, the working group voted to recommend all four for consideration by the Retirement and Independent Entities Interim Committee.

### **More Information**

For additional information, contact a working group staff member at (801) 538-1032:

- Benjamin N. Christensen, Policy Analyst
- Shannon C. Halverson, Associate General Counsel
- Katie LeFevre, Legislative Assistant

Postretirement reemployment restrictions are used to:

- Keep retirement costs down;
- Reduce incentives to retire immediately upon reaching eligibility;
- Extend the pay-in period for contributions and investment earnings; and
- Decrease the pay-out period for retirement allowances.

Also see <http://le.utah.gov/asp/interim/Commit.asp?Year=2015&Com=SPERWG>.